

CITY OF SLATER

**Independent Accountants' Report on
Applying Agreed-Upon Procedures**

**For the period
July 1, 2013 through June 30, 2014**

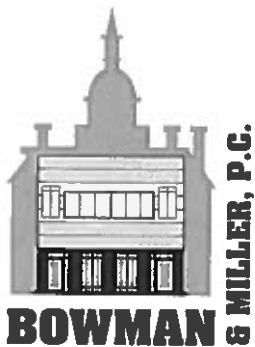
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CITY OF SLATER

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>(Before January 2014)</u>		
Gary Halverson	Mayor	Jan 2014
Gene Staples	Mayor Pro Tem	Jan 2014
Ken May	Council Member	Jan 2014
Tim Locker	Council Member	Jan 2014
John Kahler	Council Member	Jan 2016
Steve Ransom	Council Member	Jan 2016
Mary E. Sprouse	City Administrator/Clerk	Indefinite
Meredith Nerem	City Attorney	Indefinite
<u>(After January 2014)</u>		
Gary Halverson	Mayor	Jan 2016
Steve Ransom	Mayor Pro Tem	Jan 2016
John Kahler	Council Member	Jan 2016
Ken May	Council Member	Jan 2018
Susan Erickson	Council Member	Jan 2018
Ann Sobiech Munson	Council Member	Jan 2018
Mary E. Sprouse	City Administrator/Clerk	Indefinite
Meredith Nerem	City Attorney	Indefinite



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and
Members of the City Council:

We have performed an agreed-upon procedures engagement of the City of Slater pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide certain minimum oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Slater for the period July 1, 2013 through June 30, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We reviewed the City's fiscal year 2013 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information.
7. We reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We reviewed compliance with Chapters 12C.2, 12B.10B, and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384, and 403.9 of

the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.

10. We reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements, and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. We reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.
13. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
15. We reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
16. We reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

We were not engaged to and did not conduct an audit of the City of Slater, the objective of which is the expression of opinions on the City's financial statements. Accordingly, we do not express opinions on the City's financial statements. Had we performed additional procedures, or had we performed an audit of the City of Slater, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Slater and other parties to whom the City of Slater may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Slater during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller, P.C.

Marshalltown, Iowa
February 2, 2015

Detailed Recommendations

CITY OF SLATER
Detailed Recommendations
For the period July 1, 2013 through June 30, 2014

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Generally, one individual has control over each of the following areas for the City:

- (1) Cash – collecting, recording, and reconciling.
- (2) Payroll – recordkeeping, preparation and distribution.
- (3) Utilities – billing, collecting, depositing, and posting.
- (4) Financial reporting – preparing and reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations and financial reporting should be documented by the signature or initials of the reviewer and the date of the review.

- (B) Bank Reconciliations – For one of the two months reviewed, the cash and investment balances in the City's general ledger were not reconciled to the bank and investment account balances. Also, there were several duplicate payroll entries appearing on the outstanding transaction list throughout the year that should not have been.

Recommendation – To improve financial accountability and control, reconciliation variances should be reviewed and resolved on a timely basis. The City should also work with technical support on a timely basis to eliminate amounts continuing to appear on the system's reconciliation that should not be.

- (C) Council Minutes – Chapter 372.13(6) of the Code of Iowa requires minutes of all City Council proceedings be published within fifteen days of the meeting. Minutes for three of the meetings tested were not published within fifteen days.

Recommendation – The City should comply with the Code of Iowa and publish City Council minutes within fifteen days of the meeting, as required.

- (D) Transfers – The City transferred money to and from various funds at the end of the year. Two of the transfers that were approved, however, were made in the general ledger system twice.

Recommendation – The City should review the transfer resolution prior to and after transfers are made to ensure the general ledger system matches what was approved.

- (E) Payroll – Not all time sheets tested included evidence of review by a supervisor or independent official.

Recommendation – To ensure accountability, all time sheets should be reviewed and approved by supervisory personnel or an independent official not involved with payroll prior to processing payroll – evidenced by the signature or initials of the reviewer and date of review.

CITY OF SLATER
Detailed Recommendations
For the period July 1, 2013 through June 30, 2014

- (F) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires all cities to report and remit outstanding obligations, including checks, trusts and bonds, held for more than two years to the Office of Treasurer of State annually. The City has not remitted unclaimed property to the Office of Treasurer of State annually.

Recommendation – The City should implement procedures to ensure outstanding checks, trusts, and bonds are reviewed annually and amounts over two years old are remitted to the Office of Treasurer of State, as required.

CITY OF SLATER

Staff

This agreed-upon procedures engagement was performed by:

**Bowman and Miller, P.C.
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Personnel:

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